may 27, 1968

main

FOREIGN AGRICULTURE

JUN 17 1968

LIBRARY

Thailand—Growing U.S. Market

May 27, 1968

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VI • NO. 22 • MAY 27, 1968

In this issue:

2 Thailand—Growing Market for U.S. Farmers By Samuel H. Work

4 EEC-African Association Up for Renewal By Margaret A. Branham

5 Vegetable Oils Suffer—Marine Oils Gaining Ground in U.K. Market

6 Canada Expands Acreages of Most Oilseeds

7 How the Dutch Bulb Industry Is Changing By Brice K. Meeker

11 New Polish Laws Fight Farm Inefficiency

12 Iowa Meat Packing Company Wins Presidential "E" Award

12 U.S. Livestock Shown and Sold at Mexican Show

13 World Trade Flow Studied by USDA

14 Crops and Markets Shorts

This week's cover:

Downtown Bangkok reflects the prosperity of Thailand's business community; and corn in the field, the growth of its agriculture. This forward-moving country is a potentially strong market for U.S. agricultural products. See story beginning on this page. (World Bank Photos)

Orville L. Freeman, Secretary of Agriculture
Dorothy H. Jacobson, Assistant Secretary for International Affairs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Editor: Alice Fray Nelson; Associate Editors: Janet F. Beal and Elma E. Van Horn; Assistant Editors: Beverly J. Horsley, Faith N. Payne, Mary A. Nicolini, Marcia Sutherland, Mary C. LaBarre.

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, Anthony R. DeFelice, Kenneth K. Krogh, Robert O. Link, Kenneth W. Olson, George A. Parks, Donald M. Rubel, Dorothy R. Rush, Raymond E. Vickery, Quentin M. West.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (June 15, 1964). Yearly subscription rate, $7.00 domestic, $9.25 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

THAILAND—Growing Market for U.S. Farmers

This good cash customer for American agricultural products could soon be buying $40 million worth a year, despite rising domestic farm output

By SAMUEL H. WORK
U.S. Agricultural Attaché, Bangkok

In the past 8 years, annual exports of U.S. farm products to Thailand have quadrupled, rising from $6.5 million in 1960 to $25 million in 1967. The growth has been helped by cooperative market-development activities of the U.S. Government and U.S. trade groups. With increased promotion efforts, it is anticipated that this dollar farm product business can be expanded to at least $40 million a year by 1972-75.

At the same time, the production of Thailand's own well-diversified agriculture has been rising, making it one of the very few food-surplus countries in Asia. Its index of farm output rose 40 percent from 1961 to 1966—the period of its first, 6-year development plan. Thanks to sound economic planning—and more recently to government policy to put base prices under certain crops—the output of rice, corn, kenaf, and cotton has zoomed in recent years.

A growing economy

The National Economic Development Board is responsible for the country's economic planning. During the first NEDB plan for a 6-year period, economic growth was at the rate of 6.5 percent annually, and per capita income rose from $103 to $139. Many road, power, and water-impoundment projects were developed or finished.

Now the Kingdom is in its second 5-year plan, which calls for a 4.7-percent increase in total farm production by 1972. In 1967, the plan's first year, however, drought severely limited production of rice, corn, and kenaf—the three principal foreign exchange earners. Roughly 80 percent of the cost of the new plan is to be financed by the government, with the balance to come from loans and grants.

Per capita income, which had increased to $145 in 1967, should reach $180 by the end of the second plan. Current annual population growth is calculated at 3.2 percent by the National Statistical Organization.

Even the seemingly small increase in per capita income has widened the national marketing area, once concentrated in and around Bangkok. Upcountry demand has increased markedly over the last several years. Rising consumer demand is due, basically, to the Thai Government's fundamental development programs that are resulting in easier access to markets and higher rural income—now partly derived from

off-farm employment. These programs include those to develop power, communications, and irrigation and those to support prices for some farm commodities.

Improved distribution has been a vital factor in increasing upcountry sales. Better highways and more widespread advertising—through radio and television—have helped improve distribution. Brand names now constantly appear before the public throughout the Kingdom.

Imports from the United States

Thailand offers an excellent dollar market potential for U.S. farm commodities, both bulk and packaged. Cotton and tobacco continue to be the major U.S. commodities imported, but purchases of wheat and packaged foods have been growing.

Cotton. In calendar year 1962, the U.S. share of Thai cotton imports was 26,878 bales of the total 35,535 bales imported. In 1966, the U.S. share rose to 72,995 bales of total imports of 111,057 bales. Before 1960 all cotton used in mills was imported, but since then there has been a push by the government to increase domestic production in order to save foreign exchange needed in economic development. The government goals for domestic cotton production are as follows: 1965-66, 68,200 bales; 1966-67, 90,000 bales; 1967-68, 108,000 bales; 1968-69, 126,000 bales; 1969-70, 144,000 bales; 1970-71, 162,000 bales; and 1971-72, 180,000 bales.

However, Thailand's imports of cotton are expected to continue at a sizable volume over the next 5 to 10 years, as mills expand spindleage and consumer demand increases. The U.S. share of these imports is expected to be not less than 60 percent. In 1967, Thailand cotton mills had about 260,000 spindles, up from 107,000 spindles in 1962.

Tobacco. In the past 5 years there has been a startling growth in Thai imports of leaf tobacco, over 99 percent of which are of U.S. origin. In 1960, the volume of tobacco imports was 2,620 metric tons, mostly flue-cured. In 1966, the volume was 8,500 metric tons, still mostly flue-cured but including a markedly increased amount of burley. This rise in imports occurred despite a simultaneous doubling of domestic leaf tobacco production.

As demand for cigarettes continues, the import of U.S. leaf should also continue at a high level—since most Thai brands carry a very high percentage of American tobacco. Use of U.S. tobacco in cigarettes has been increasing at the rate of 1,000 metric tons annually over the last few years.

Wheat. Since the erection of the United Flour Mill—Thailand's first—in 1964, the United States has gained a new wheat grain market. Previously U.S. wheat went to Thailand only as flour, and the U.S. share of total flour imports rarely exceeded 5 percent. In 1967, Thailand imported both U.S. flour and 9,450 metric tons of wheat—both Dark Northern Spring and Western White. U.S. wheat exports to Thailand are held down by the cost of transport—not by the cost of the grain.

Though present per capita wheat consumption in Thailand is estimated at only about 3 pounds per year, it is expected to increase markedly in the future. A bakers' training school under consideration by Wheat Associates—a cooperator with Foreign Agricultural Service in overseas market development—and increased distribution of educational material on the nutritive value of wheat foods could be important factors in raising wheat consumption.

The daily capacity of the United Flour Mill has grown from 130 metric tons of wheat to 190 metric tons. The management plans to increase capacity further—up to 300 metric tons daily. With 250 working days, this means about 75,000 metric tons of wheat, or about 2,755,000 bushels will be needed annually. The mill is expected to reach this capacity within the next 5 years.

While it is expected that the United States will share in this growth of import demand, much will depend on freight rates from the United States. Currently, it costs about $10 a ton less to bring wheat from Australia than from America.

Perhaps when Bangkok's new Siricha port is fully developed—with all modern facilities and the ability to handle tanker cargoes—some joint regional arrangement can be worked out including Bangkok that will result in much lower ocean freight costs from the United States. If this is done, and the predicted wheat usage is reached, there is no reason the U.S. share should not reach about 40,000 metric tons annually. Most of this tonnage would be Northern Spring and Hard Red Winter wheats, but some would be Western White. However, if Australia continues to develop high-protein hard wheat, the U.S. share would be less.

Packaged foods. The Thai have always been "brand conscious," and they have a preference for American brands. U.S. labels—canned asparagus, green peas, and raisins—can be seen even in the smallest store in the utmost village. In the past 5 years, our packaged food sales to Thailand have gone up from $1 million to well over $5 million.

If this trade is to increase at a more rapid rate, however, Thailand will need to open one or more supermarkets, and the products will need vigorous promotion.

Thailand has no real supermarkets now. The so-called supermarkets in that country would be termed delicatessen stores in America. Bangkok alone has around 12 of these stores at present. All handle a fairly complete line of foreign brand-name products, many of them American.

Although these stores originally catered only to the foreign colony, it is now not uncommon to see many Thai people making purchases of specialty or convenience products. Their increased patronage is attributed to rising incomes.

A number of food merchants in Thailand would like to open an American-style supermarket. This interest was well demonstrated last November at the supermarket seminars held in connection with the Food and Equipment Show at the U.S. Trade Center in Bangkok. Seminar attendance averaged 35 persons per session, of which at least 5 persons were vitally interested in establishing a modern supermarket.

Thai corn exports

Corn is one commodity the United States does not export to Thailand. In the past 15 years, the Thai farmer—without government assistance—has made this country the No. 4 corn exporter in the world. Corn has always been an excellent cash crop in Thailand, and, as road construction has opened up new land, it has been one of the first crops to appear on the market.

Over 90 percent of Thai corn production is exported, most of it going to Japan where it competes with U.S. feedgrains. This competition is very likely to increase, although it could be affected by the development of new corn outlets in the form of livestock feeding or corn-processing industries in the home market.

EEC-African Association Up for Renewal

By MARGARET A. BRANHAM
Foreign Regional Analysis Division
Economic Research Service

Renegotiation of the Yaounde Convention, under which 18 African states are associated with the European Economic Community, is getting underway in Brussels, Belgium, this month. According to Convention rules, talks concerning its renewal must begin 1 year before the expiration date of May 31, 1969. This is the third association Convention to be negotiated.

The Convention covers trade, financial and technical cooperation, and the setting up and operation of a development fund to provide financial aid to the African associates. Its major features are the trade preferences granted and the establishment of the European Development Fund.

As renegotiations begin there is a feeling that the association will be continued, but perhaps in somewhat modified form. It is certain that there will be much greater awareness at the meetings in Brussels of the problems of development than there was in Yaounde, Cameroon, in 1963 when the Convention was formed.

The association was set up according to provisions of the 1957 Treaty of Rome, which also established the EEC. The 18 African states—for the most part former French colonies—that are party to the Convention are known as the Associated States of EAMA (Etats Africains et Malgaches Associés). They are: Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Kinshasa), Dahomey, Gabon, Ivory Coast, Malagasy Republic, Mali, Mauritania, Niger, Rwanda, Senegal, Somali Republic, Togo, and Upper Volta.

Trade still one-sided

Trade between the EEC and African countries has expanded under the Convention, but not as much as originally hoped for. Trade preferences granted under the Convention have led to the abolition of EEC tariffs on a number of tropical products. The Associated States also benefit from EEC's intra-Community reductions in tariffs and elimination of import quotas.

EEC countries have benefited from EAMA's gradual elimination of duties, quantitative restrictions, and taxes on imports from the EEC countries (except where an influx of such imports might endanger developing industries in the importing country).

A study of the trade between the EEC and its Associates shows that imports from the Associates are only a very small proportion of the Common Market's total imports—averaging 4.2 percent during 1964-66. But these imports represent a major part of the exports of the Associates. During the 1963-65 period, 64.5 percent of Associate exports were received by the EEC. Thus the fluctuations shown in the table below, although relatively unimportant to the EEC, are of great consequence to EAMA.

The relative quantity of the Common Market's imports from the Associates remained the same between 1964 and 1966, barely keeping pace with the overall rise in EEC imports. Four EEC countries—France, Germany, the Netherlands, and Italy—import more from non-Associate Africa than from the Associates. Only in Belgium and Luxembourg is the situation reversed.

Aid funds

As of January 1, 1968, more than $460 million of the total $730 million in aid called for in the Convention had been committed to various projects.

Under terms of the Convention the Associates were to receive $620 million from the European Development Fund in the form of nonreturnable grants to help raise their output generally, to provide technical aid connected with investment projects, and to finance technical cooperation. An additional $110 million was to be made available in the form of special loans from the EDF and the European Investment Bank.

Of the total, $500 million was earmarked for general economic and social investment, the remaining $230 million for diversifying the Associates' production and for improving the output and marketing of their existing products.

Outlook for renewal

The position that is likely to be taken by the EAMA during the current negotiations has been indicated by President Hamani Diori of Niger. Speaking as the President of the Joint Afro-Malagasy Organization (OCAM) in late 1966, he said the trade of the EEC with the Associates had not expanded as the Associates had hoped, that its trade with the non-Associate African states had increased more than its trade with the Associates. President Diori has also attacked EEC's apparent lack of interest in stabilization agreements for tropical agricultural products, pointing out that EEC has strong market organizations for its own agriculture.

The Common Market is supporting the renewal of the Convention and indications are that its members will take into consideration the criticisms of the Associates.

Other questions to be discussed during the renewal sessions include: Will the Convention be renewed for another 5 years or be made a permanent treaty? Should the number of associated African states be expanded? What will be the future application and nature of the European Development Fund?

If the Convention's present preferential trade relationships are expanded, discrimination against nonassociated countries will, of course, be intensified.

EEC-AFRICAN TRADE, 1964-66

Item	1964	1965	1966	Change 1965 from 1964	Change 1966 from 1965
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Percent*	*Percent*
EEC imports:					
Total [1]	26,856	28,582	30,735	+6.4	+7.5
From Associates	1,150	1,146	1,319	−0.3	+15.0
From non-Associate Africa	2,981	3,195	3,518	+7.2	+10.1
EEC exports to Associates	821	828	847	+0.8	+2.3

[1] Excludes intra-Community trade.

Evolution des Echanges Commerciaux EEC EAMA 1964-66, EEC Commission, Brussels.

Vegetable oils suffer

Marine Oils Gaining Ground in U.K. Market

Highlight of U.K. fats and oils consumption last year was a considerable increase in use of marine oils, whose prices have been falling, and a decline in vegetable oils. At the same time, consumption of butter and lard both rose, while that of tallow dropped. Trade in fats and oils reflected the consumption pattern, with imports of marine oils going way up, those of lard—especially from the United States—and butter increasing, and those of vegetable oils and tallow declining.

Two of the chief uses of fats and oils are in the manufacture of margarine and compound cooking fats, and here the switch from vegetable to marine oils is most evident.

Palm oil use drops most

Total use of vegetable oils in margarine fell by 15,000 tons to 100,000 tons, while that of marine (fish) oils increased by 21,000 to 146,000. Looking at individual vegetable oils, the most marked reduction was in use of palm oil, which dropped 20,000 tons. Cottonseed oil was down 1,000 tons, soybean oil 4,000, and coconut oil 2,000. On the other hand, use of groundnut (peanut) oil rose 2,000 and that of other oils, mainly rapeseed, also rose. Use of animal fats in margarine manufacture, at 19,000 tons, was unchanged from the 1966 level. Lard dropped 1,000 tons, the same amount by which tallow increased. Total output of margarine was 306,000 tons, down 5,000 from that of 1966.

Use of vegetable oils in compound cooking fats fell by 4,000 tons to 43,000. Again, palm oil suffered the greatest setback, down 3,000 tons to 20,000. Use of soybean and groundnut oils fell 1,000 tons each, while that of palm kernel and coconut oils each rose by 1,000. Fish oil use increased by 8,000 tons to 67,000. Use of animal fats fell, owing largely to a reduction in lard. At 136,000 tons, total output of compound cooking fats was unchanged from that in 1966.

Soap and detergent manufacturers used smaller quantities of both vegetable oils and animal fats last year. Primarily because of a considerable drop in the amount of palm oil, use of vegetable oils declined by 9,600 tons to only 39,100. Coconut and palm kernel oils also saw slight setbacks. At 133,200 tons, use of animal fats by soap and detergent manufacturers was down some 5,000 tons.

Oilseed crushing declines

The United Kingdom has traditionally had a large vegetable oil industry relying on imported oilseeds since most oilseed crops will not grow locally. In recent years, however, the industry has been contracting, largely because of the inroads by marine oils and relative stability in overall consumption of fats and oils. Oilseed crushings have fallen by about one-third over the past 5 years. At 659,700 tons, last year's crush was 9½ percent under the 1966 level. As a result, production of crude vegetable oil has also been declining and last year totaled only 230,000 tons, down 8 percent.

Imports of vegetable oils showed a milder decrease of 2½ percent, falling to 400,500 tons. Looking at both vegetable oils and oilseeds on an oil-equivalent basis, however, imports actually fell 8 percent. Palm oil suffered the greatest setback, dropping by 34 percent to 97,000 tons. Imports (oil-equivalent basis) of groundnuts, sunflowerseed, linseed, and castorseed all rose, while those of soybeans, cottonseed, rapeseed, copra, and palm kernels—especially of cottonseed—declined.

Prices of a number of vegetable oil items jumped sharply following devaluation of the pound sterling in November. Palm kernels and palm kernel oils showed the biggest increases. From a mid-September level of $142.80 per ton, Nigerian palm kernels moved up to $199.20 in December and $210 in February of this year. The price of palm kernel oil rose from $259.20 in September to $391.20 in December. By April of this year it was up to $460.80, $240 higher than the April 1967 level.

The price of Philippine copra was also up substantially, moving from $199 per ton in September to $260 in December and $271 in April. Although soybean prices went up following devaluation, they have eased somewhat lately. Devaluation had little or no effect on prices of palm oil, groundnuts, and groundnut oil.

Marine oils move in

The declines in production and imports of vegetable oils last year were to the benefit of marine oils. Because of falling prices, both imports and utilization of these oils were up considerably.

The price of fish oil showed a steady decline during the last half of the year, with the Peruvian product dropping from $142 per ton in June to $103 per ton in December. By April of this year, the price was down to $93. Whale oil prices show a similar downturn. A recent purchase of 16,000 tons of whale oil—half from Russia and half from Japan—reportedly cost $103.20 per ton. This compares with a cost of $144 per ton for 34,500 tons last year.

Imports of marine oils during the year went up by almost 60 percent to 281,900 tons. Takings of both whale oil and fish oil increased, the latter by 53 percent. As a result of these heavy imports, stocks of marine oils at the end of 1967 reached the very high level of 67,300 tons, against 28,200 a year earlier.

Total use of marine oils during the year did not rise as much as imports. Even so, it showed a 13-percent gain over the 1966 level. Because of their improved competitive position, these oils will most likely see further gains in the U.K. fats and oils market.

Butter, lard use up; tallow down

U.K. butter consumption last year, at 20.4 pounds per person, was at the highest level in the postwar period although it still fell short of use in prewar days by some 4.3 pounds. Because of an increase in domestic milk production, butter output rose by 21 percent to 40,400 tons. At the same time, imports increased 5 percent to 475,200 tons. Total supplies of butter, including butteroil, were up 6 percent to 515,600 tons.

Overall consumption of lard was up marginally, with more being used directly and less going into the manufacture of

compound cooking fats. Total supplies increased some as production rose 300 tons to 10,900 and imports went up 2,200 tons to 184,800. At 72,879 tons, takings from the United States showed a considerable recovery from the 52,974-ton level of 1966. This recovery in purchases of U.S. lard has had a calming influence on the market, and prices have eased somewhat from the high levels of 1966 and early 1967.

Total consumption of tallow—both edible and inedible—fell because of a 10,000-ton drop in the amount of inedible tallow used in soapmaking. Use of tallow for edible purposes and of inedible tallow for purposes other than soap manufacture was about the same as in 1966. At an estimated 146,900 tons, domestic production of tallow was up by over 5,000 tons. Imports, on the other hand, fell by 14,500 tons to 50,100, with most of the reduction in the inedible product.

—Dispatch from KENNETH E. HOWLAND
Assistant U.S. Agricultural Attaché, London

Canada Expands Acreages of Most Oilseeds

Early-season surveys show that Canadian farmers this year intend to increase acreages of all major oilseed crops except rapeseed, whose weakening price is discouraging plantings. Flaxseed acreage will recoup some from the low 1967 level, while soybeans may take over some former sugarbeet land. Sunflowerseed acreage is expected to respond to demand by domestic crushers, and that of mustardseed to growing export demand.

The Dominion Bureau of Statistics (DBS) reports intended rapeseed area in the Prairie Provinces at 1,361,000 acres, compared with 1,726,000 planted in 1967. Assuming a yield of 16 bushels per acre, this will bring a crop of 21.8 million bushels, against last year's alltime high of 26.5 million. Low prices were undoubtedly a major factor in farmers' decisions to reduce acreage. In February of this year the price was C$2.31 per bushel, 53 cents below the February 1967 level and the lowest since August 1965.

Export demand for Canadian rapeseed continues strong. Last year, exports totaled about 742.1 million pounds, compared with 697.9 million in 1966. Japan and Italy both bought more in 1967 than in the previous year, accounting for 86.7 percent of total shipments. Canadian hopes to ship more rapeseed to the United Kingdom may not be realized since European production is increasing, and the European product, comparable in quality, is lower priced.

Flaxseed acreage, according to the DBS survey, will be up 23 percent from the 1967 level. However, the intended area of 1,362,100 acres is still 27 percent below the 1962-66 average and suggests another small crop.

Production in 1967 was an estimated 10.2 million bushels, compared with 22.0 million in 1966. Reduced acreage and dry conditions in growing areas combined to yield the smallest crop since 1953. This year, given more normal growing conditions, the intended acreage could yield a crop of about 15 million bushels. Acreage, and therefore production, could be higher if some farmers decide to plant flaxseed instead of wheat, which is experiencing weak export demand.

Canadian flaxseed prices increased rather sharply last year when the low level of production became apparent. From C$3.04 per bushel in June, the price for No. 1 C.W., basis Fort William-Port Arthur, went up to C$3.35 in July and reached C$3.49 in February 1968. Prices are expected to remain high for the remainder of the current crop year.

Domestic demand for flaxseed continues to decline in the face of competition from synthetics in the manufacture of paints and surface-coatings. On the world market, Canada's share of total exports depends largely on output in the other major producing countries. Last year exports totaled 13.9 million bushels, down from 20.2 million the year before because of both the small crop and larger oilseed crops in Europe. Biggest markets were Japan, the Netherlands, and the United Kingdom.

The DBS survey shows that soybean acreage will continue its gradual increase, moving up to an anticipated 302,000 acres this year from 290,000 in 1967. With the closing of the sugar plant in Ontario, farmers there are being forced to switch to other crops, and soybeans are a likely substitute. Production this year could total 9.66 million bushels, assuming a yield of 32 bushels per acre from the intended area. This compares with a crop of 8.09 million bushels last year.

Soybean prices, f.o.b. Chatham, have been well below last year's chiefly because of the lower prices in the United States. As a result, Ontario producers have brought renewed pressure on the Federal Government for protection from low-priced imports. Imports this year are expected to decline from the 1967 level of 16.1 million bushels.

Sunflowerseed and mustardseed are not included in the DBS survey of farmers' intentions to plant, but all indications point to larger acreages for both crops this year.

Based on indications that the Co-op Vegetable Oils, Ltd. intends to expand contracts this year, sunflowerseed acreage is estimated at 65,000 acres, up 42 percent from the 1967 level. Production last year totaled 36 million pounds, against 39 million the year before. Exports fell much more sharply, totaling 6 million pounds, against 18.8 million in 1966. The 1967 crop was of excellent quality, and its price averaged about 5.5 cents per pound. This year, the Co-op apparently plans to offer 5 cents a pound plus dividends.

Mustardseed is grown under contract, and the acreage for 1968 is not yet available. However, with the strong export demand for this crop and farmers' desires to plant other cash crops in place of wheat, acreage will most likely expand. Unofficially, it is estimated at 250,000 acres, compared with 221,000 planted in 1967. Production last year declined to 149.9 million pounds from 165.4 million the year before as yields were down sharply. On the other hand, exports rose 37 percent to 138 million pounds. The United States was the biggest market, followed by Belgium-Luxembourg, Switzerland, West Germany, and the Netherlands.

—Dispatch from GORDON H. LLOYD
Assistant U.S. Agricultural Attaché, Ottawa

Planting time on a bulb farm outside the city of Hillegom, the Netherlands.

How the Dutch Bulb Industry Is Changing

By BRICE K. MEEKER
U.S. Agricultural Attaché, The Hague

Since *Foreign Agriculture* last reported on the Dutch bulb industry in 1964, the glory that is spring in the bulb fields of the Netherlands hasn't changed much. The dreary sand fields of western Holland are a panoply of colors again this May. In the canals intersecting the fields of tulips, hyacinths, daffodils, and other equally beautiful species, ducks still solemnly convoy their files of fluffy ducklings. And in the distant dunes the invisible lark, as in previous springs, declares its presence in song.

But there have been many changes in the bulb industry itself, both in production and in export marketing.

Fewer growers

Although bulb acreage in the Netherlands has remained relatively constant over the past several years, the number of growers has been declining, and there has been seen some shift in the proportion of acreage devoted to each species, as shown in the table below.

Tulip acreage, which still is about half the total, has declined nearly 10 percent in the past 3 years. Gladioli have also shown a consistent and relatively severe contraction in acreage. Hyacinth acreage has been relatively stable, while the areas in narcissus and the collective total of minor species have slowly expanded.

The decline in number of growers has been caused by many of the same factors that have moved people out of farming in the United States. A prosperous and expanding economy has provided alternative nonfarm job opportunities for farmworkers and has brought on increased farm labor costs. This, in turn, has encouraged capital substitution for labor and has influenced those farmers short of capital to look for urban employment. It has also discouraged new entrants into bulb farming.

NETHERLANDS BULB ACREAGE AND GROWER NUMBERS

Item	1964	1965	1966	1967
Area planted to—				
Hyacinths ..... acres		2,100	2,026	2,113
Tulips ..... do.	17,788	14,149	14,620	12,805
Narcissi ..... do.		3,268	3,447	3,514
Gladioli ..... do.	5,837	4,729	4,279	4,013
Others ..... do.	4,080	4,077	4,122	4,453
Total ..... do.	27,705	28,323	28,494	26,898
Number of growers..	34,866	34,331	32,162	29,133

In addition, technological developments—such as the increases in the use of herbicides and pesticides and in mechanization—have reinforced capital intensification and raised the level of skills necessary to handle bulb production.

In view of these developments and the preponderance of growers on small acreages (in 1966, 82 percent of all growers cultivated less than 12.5 acres) there has been a substantial increase in the demand for contract services.

Some larger bulb producers have also turned to contract work for some phases of the production process. One large producer recently explained why he contracted the lifting of his bulbs: "When a bulb field is ready to harvest, delay sharply increases weather risks, which can adversely affect bulb quality. Therefore, I do not need one lifting machine, which if all went well would be sufficient, but I need a backup machine as insurance. A contractor is in a position to provide the backup machinery in case of breakdown at a rate for his services cheaper than my costs of having capital tied up in two expensive units of equipment one of which, except in case of emergency, is redundant or partially so."

Field auctions, specialization

Another trend, attributable in part at least to capital intensification of the production process, is the growth of "field auctions."

A grower has two options in selling his bulbs. He can carry the production process to completion and sell the bulbs at auction as tobacco is sold in the United States. Or he can sell his "field," that is, the bulb crop in the process of growth.

This can be done well before harvest. Field auctions in April, for bulbs to be harvested in July are not uncommon.

Field auction of bulbs is somewhat different from crop contracting in the field as it is usually practiced in other countries. In a bulb field auction the buyer does not purchase the production of the field, rather he buys the prospect of production on the particular unit of area under auction. Responsibility for harvest passes to the buyer, and he assumes all ensuing production risks. Obviously also, the buyer must forecast probable prices in the approaching marketing season.

Offsetting these risks are the probable benefits to the buyer. Most of the buyers are growers, who buy to assure themselves of varieties in which they have an interest. These varieties may or may not be available at the end of the season as dry bulbs at auction. Seeing the field in growth affords a skilled grower a basis for judging all important facts regarding crop prospects except the size of bulbs. However, even if the bulbs turn out to be smaller than salable size, the grower-buyer is prepared to carry them through another year.

Higher labor costs, which have led to capital intensification, have also forced increased specialization on producers. With the disappearance of the flexibility a grower had with hand labor, the number of species grown on a given farm has declined rather sharply.

However, the need to rotate bulb crops has limited the extent to which producers can specialize. Although there are general disease problems, bulb diseases tend to be specific. A 4-year rotation has been and still is the normal practice—tulips the first year after clean fallow, narcissi and hyacinths next, then any of a large number of minor bulb species.

In the days of abundant and cheap labor, a grower tended to fractionate his holding into several rotations and a fairly wide spectrum of species. Mechanization has forced consolidation of these fractional rotations into a more general rotation for the entire unit since bulb characteristics vary considerably. This trend also has been reinforced by a tendency toward 3-year rotations that has come with the development of chemical disease controls. Three-year rotations, however, are not widespread as yet.

Industry regulation, exports

Because of the importance of bulbs as Netherlands exports, the Government has closely concerned itself with regulation of the bulb-growing industry. Elements of this control are changing as the European Common Market has given the Dutch a larger "home" market environment.

On July 1, 1968, EEC Regulation 234/68 will become effective, establishing a common EEC market in flowers and bulbs and a common import tariff. It also provides for quality standards and minimum export prices to third countries. The Netherlands was instrumental in formulating this regulation, especially in drawing up the quality standards.

In the past, acreage controls for tulips, narcissi, and hyacinths were tightly maintained. Today only hyacinths remain under control. Narcissi were put on a free acreage basis in 1966, tulips in 1967.

In going over to a free acreage basis for bulbs other than hyacinths, the Dutch had a shrewd eye on the industry in other states in the Community. They are prepared to sell their bulbs at a moderate price as a means of discouraging production expansion in other Common Market countries. As reductions in tariffs and other trade-restrictive impediments open the rest of Europe to Dutch competition, it seems apparent that the Dutch intend to reap the advantage of their traditionally preeminent position in bulb production. Elements of this position are a natural environment favorable to production, a traditional culture where the level of skill is high, and a sophisticated marketing structure.

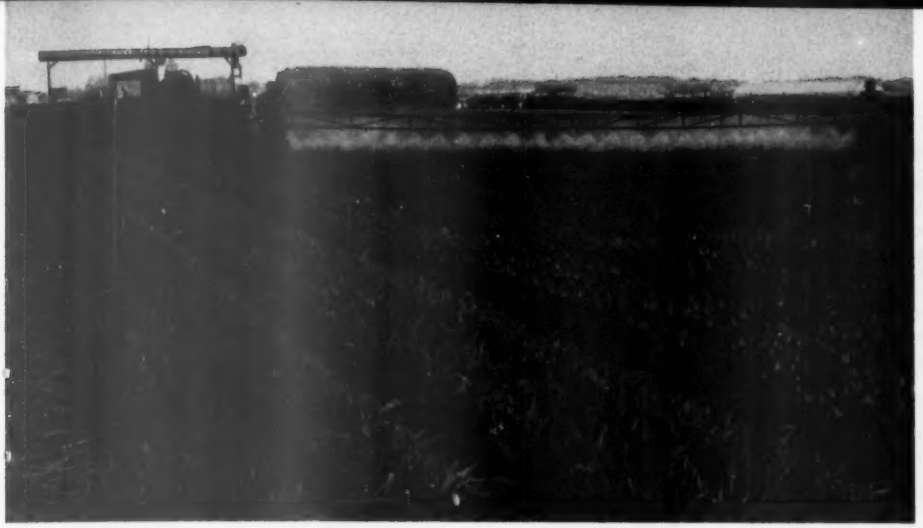
To get disease-free soil on top, farmers spade about 35 inches deep. This pattern is characteristic of the Dutch bulb fields.

Hyacinths were excluded from this policy for good reasons. First, they are practically a Dutch monopoly anyway, and, second, the Dutch are careful to avoid surplus, price-depressing hyacinth bulb production. The hyacinth bulb is costly to raise to the salable stage, since it takes 3 years to produce —as compared with 1 year for tulip and narcissus bulbs.

The bulb surplus-removal schemes maintained in the past along with acreage controls have also changed in the past few years. In the past, when production exceeded a quantity that could be marketed at a given price the surplus was purchased at a lower price and destroyed or used as cattle fodder. A surplus fund for each class of bulb was created by a tax imposed on sales through the auction houses. Thus, price received by a grower was determined by the price paid for marketed bulbs blended with the lower price paid for bulbs removed under the surplus schemes. To avoid delivery of "junk" bulbs into surplus purchases, the Product Board for Ornamental Horticultural Products—a quasi-government organization representing all elements of the industry—required delivery and destruction of salable export-quality bulbs.

Surplus-removal schemes still exist for various bulbs, but with free acreage, intervention by the Product Board is restrained and removal prices are low. This, of course, holds down the blend price received by the grower, and indirectly limits acreage expansion.

In addition to its regulatory activities, the Product Board



Scenes at left, spraying a tulip field at top and lifting hyacinth bulbs at bottom, illustrate two trends in Dutch bulb farming—the greater use of chemical pest and disease controls and increased mechanization. Above, breeder cross-pollinates a narcissus.

Below, N. Santacroce of the U.S. Department of Agriculture, preinspects daffodil bulbs for export. Right, new style of packaging for bulbs. The cartons are standardized, will pack into a unit.

NETHERLANDS BULB EXPORTS

Year	To all countries		To the United States	
	Volume	Value	Volume	Value
	Metric tons	*1,000 dollars*	*Metric tons*	*1,000 dollars*
1962	79,357	77,282	11,082	11,195
1963	67,270	75,904	9,151	10,475
1964	77,317	88,578	9,570	10,927
1965	86,502	91,781	10,951	12,154
1966	83,374	89,941	10,481	11,990
1967	93,793	100,371	10,839	12,054

NETHERLANDS BULB IMPORTS

Year	From all countries		From the United States	
	Volume	Value	Volume	Value
	Metric tons	*1,000 dollars*	*Metric tons*	*1,000 dollars*
1962	1,354	1,321	96	132
1965	2,413	2,654	327	444
1966	2,562	2,689	596	716
1967	2,801	3,129	554	677

promotes bulb exports in various markets abroad.

In 1967, five countries imported over four-fifths of all Dutch bulbs shipped abroad. These countries and the volume exported to them: West Germany, 36,497 tons; United Kingdom, 12,990 tons; United States, 10,839 tons; Sweden, 8,789 tons; and France, 7,550 tons. The remaining 17,128 tons exported went to 54 other destinations.

The great increase in Europe in demand for cut flowers, although it has spurred Dutch bulb exports, is also a worry to bulb exporters.

The increase in total Dutch bulb exports in the past several years has been substantially accounted for by increased exports to Germany, France, and Sweden where the demand for cut flowers has developed most strongly. But there is concern that overexpansion may be bringing prices down and forcing some flower producers out of business. This could mean recent levels of bulb sales would not be maintained.

Exports to the United States

Volume of Dutch bulb exports to the United States has been relatively steady in the past several years, as shown in the table above. But there have been important shifts in both the form and timing of bulb marketing.

In the past, most bulbs moved to jobbers or wholesalers in bulk shipments. These were then divided, packed further, and supplied to retail outlets. Today, many Dutch exporters have eliminated this second operation; they package bulbs for the retail market and ship directly to sales outlets. The shift was made possible by U.S. Government preinspection of bulbs in the Netherlands and has been encouraged by the growth of mass merchandising in the United States.

In the export of bulbs to the United States, price is not as important as it once was and still is in other export markets. Today the major U.S. buyers—large retail chains—are more concerned about an assured supply being available at the proper time, a supply of the desired range of varieties and species, and the Dutch supplier's servicing of any problems that might arise than they are about price.

U.S. preinspection, carried out by the Agricultural Research Service of the U.S. Department of Agriculture has also speeded up bulb shipments. Under the old system of inspecting bulbs at the U.S. port of entry, clearance of a bulk shipment of bulbs might take a week. Losses were incurred on rejected shipments, overheating or freezing on the docks, and pilferage. Now a shipment is rarely in a port for more than 48 hours.

It would be impossible to go back to port-of-entry inspection without an almost complete disruption of the present form of Dutch bulb trade with the United States and great increases in inspection costs, according to Nunzie Santacroce, U.S. resident inspector at Lisse, the Netherlands. The two major advantages of preinspection from the U.S. viewpoint are: First, substantially greater control and more and better sampling can be applied to the entry of plant material into the United States; second, the reductions of cost in marketing bulbs under the system have been passed on to the United States consumer.

Another important trend in bulb exports to the United States has been the increase in volume of winter- and spring-marketed bulbs. Traditionally, bulbs have been shipped in the late summer and early autumn for fall planting, a pattern still predominant. In the period July 1967 through April 1968, about 73 percent of the bulbs shipped were sent in the July-December period, 27 percent in the January-April period. This was a higher percentage of bulbs shipped for spring planting than in any other previous year.

In explaining this development, a major Dutch exporter made the following comments about the U.S. market.

"First, the United States suburban gardener has too many things to do other than working in his garden. In the fall, television fills practically every weekend with sports events. Moreover, if the weather is good the American is likely to be out in his boat or going some place in his car as a last fling before winter sets in. Alternatively, two or three rainy weekends in September and October hurt bulb sales badly, as even the consistent gardener can't get out to plant his bulbs.

"With this range of activities, many bulbs are purchased that are never planted. Our market research in the States indicates that as much as one-fifth of the bulbs purchased do not get planted. They end up on a shelf in the garage or in the basement and remain there until they are thrown out at a later date.

"On the other hand, after the winter the casual U.S. gardener has a burst of energy in the spring. He wants to get out in his yard and muck about a bit. With the increased availability of bulbs for spring planting more are purchased and planted. We are catering to this tendency and increasing winter and early spring shipments sharply in comparison with the traditional pattern."

Dutch imports of bulbs

Netherlands bulb imports have increased rapidly in the past several years, as shown in the table above. The Dutch import bulbs for two purposes—to obtain new material for bulb growers and to supply the cut-flower industry with certain species not grown in quantity in the Netherlands. The greater share of imports are iris and paper-white narcissi. Imports from the United States are mostly iris.

Foreign Agriculture *thanks the following for their assistance: the Netherlands Product Board for Ornamental Horticultural Products, the Holland Bulb Exporters Association, and N. Santacroce, USDA-ARS. Photographs, courtesy the Central Bloomballen Committee and Van Zyverden Bros., both of Hillegom, Holland.*

New Polish Laws Fight Farm Inefficiency

Poland, the only country in Eastern Europe besides Yugoslavia in which most farms are privately owned, has long had low agricultural production for its extent of arable land—almost half the acreage of the country. For example, though more than one-fourth of the country's area is planted with grain crops each year, Poland must still import 1 million to 2 million tons of grain annually.

Early in 1968 the Polish Sejm (parliament) passed three laws to increase agricultural efficiency. The first law provides pensions and other compensations for aged farmers and others who voluntarily transfer their farms to qualified private farmers or to the State. The second law says that farms that have been neglected or on which production is unacceptably low may be put up for compulsory sale. The third law provides for the consolidation of small, scattered, privately owned farm plots into more rational farm units and for the exchange of land between State and collective farms and private owners to improve the efficiency of socialized farms.

Grandfather farmers

The first law is designed to cope with an increasingly serious socio-economic problem in Poland—the flight of rural youth to urban areas. An ever-growing number of farms (now 8 percent of Poland's agricultural land) are being worked by farmers 60 years of age or older. This trend has resulted in lowered production on many farms.

Making pensions available to older farmers who voluntarily transfer their land to other private owners or the State not only gives aged agriculturalists a way off the land while obtaining definite benefits but encourages more intensive land use by younger and perhaps more able farmers—either private or members of State groups.

In addition to receiving a pension, a retiring farmer may elect to retain ownership of buildings on land transferred to the State. Or, if he transfers the buildings to the State, he may be permitted free use of needed building space and receive additional cash benefits. Further, he can have the free use of about 2½ acres (about two-thirds acre if he is not of pensionable age) for life if the land is rationally developed. The farmer who waives or loses his right to his small plot is entitled to a monthly bonus.

Negligence costly

The second law, compulsory sale of neglected farmland, is probably the most controversial measure of the recent farm legislation. Both strong support for and reassurances of fair and unprecipitate administration of the law have been given by several prominent members of the Polish United Workers (Communist) Party, such as Wladyslaw Gomulka, First Secretary of the Party, and Mieczyslaw Jagielski, Minister of Agriculture and candidate member of the party politburo.

The law on compulsory sale applies to both ordinary farmland and land granted to private owners under land reform and colonization schemes. For ordinary farms, the appropriate powiat (or county-level) people's council presidium has the responsibility to initiate compulsory sale by auction if a piece of land is not fully utilized for 3 years.

When neglected land is put up for auction, it may be bought either by the State or by a practicing farmer with a farm nearby who has the ability to use the land well.

Lands granted to owners under land reform or colonization may be subjected to compulsory sale to the State in whole or in part, with the exception of the farm house and a private plot of one-half acre. Again, the decision for sale is made by the local powiat presidium.

One of the significant differences between earlier laws on compulsory transfer of land and the recent one is that the new law is to be implemented by the local administrative units rather than by the local courts. This change should permit more rapid handling of charges of farm neglect, resulting compulsory sales, and compensation.

Fragmented farmland

The third new law is designed to deal with a long-standing Polish agricultural problem—waste of production efficiency and low yields resulting from small-scale cultivation of millions of handkerchief-sized, scattered plots. Some figures may help illustrate the seriousness of the present situation. The average size of a Polish private farm is about 11.6 acres—or too small for efficient modern cultivation. But to add to problems, only 26.1 percent of private farms are in one piece; 21.9 percent are in two discontinuous pieces, 16.5 percent in three pieces, 18.3 percent in four or five pieces, 9.4 percent in 6 to 8 pieces, and 6.1 percent in nine or more pieces.

Such fragmentation is inherently wasteful. First, much land is taken up in boundaries and paths. Second, a farmer loses much of his time going from one plot to another. Third, such farms are almost impossible to place under some degree of mechanization to save dwindling rural manpower.

The provisions of the third law affect both private farms and State, collective, and cooperative farms. Consolidation of private farmland may be initiated either by local farmers or by the local government. Exchange of land among State farms and collective farms and between State or collective farms and private farms is decided and carried out by powiat presidiums.

Although consolidation of small fields has been discussed many years in Poland and laws have been previously passed on the subject, only now are the two basic prerequisites for large-scale consolidation being completed—inclusive registry of land and detailed soil and other agricultural maps. When it is known who owns what land and what type and quality each piece of land is, land redistribution should be greatly facilitated. The first goal of the Government is to consolidate about 420,000 acres in 1968.

All three new laws will place a potentially tremendous work load on the county-level local governments, or powiat administrations. To implement the three laws, investigations, surveys, studies, meetings, reports, and publications will be necessary in great volume. At present the skills and personnel necesary to such activities are not available in the average powiat administration. How successfully the local governments meet the new work load will decide the effectiveness of the new agricultural laws.

—Based on dispatch by HAROLD C. CHAMPEAU
U.S. Agricultural Attaché, Warsaw

Iowa Meat Packing Company Wins Presidential 'E' Award

Careful personal attention to product quality and the nurturing of a dependable key buyer have resulted in annual export sales of more than $1 million for Needham Packing Company, Inc., of Sioux City, Iowa, and a Presidential "E" Award for export expansion. Needham Packing—which exports variety meats—is the nation's first meat packer to receive the award, which honors U.S. manufacturers and business organizations for successful efforts to expand sales of American products abroad.

Founder pushes exports

A drive to build up export trade in variety meats was begun in 1956 by the company's late founder, Lloyd Needham, then vice president and general sales manager of the Sioux City Dressed Beef Co. (now a part of Needham Packing Co.). Sioux City's overseas sales were lagging because the offals then being shipped were of poor quality. Selling abroad through East Coast brokers often required storage for a year or more which deteriorated the meat and made shipping schedules unreliable. Needham reasoned that selling directly to a European importer-distributor would cut transit time and improve business.

With the help of the Foreign Agricultural Service, he traveled to Rotterdam, Netherlands, to talk with European meat dealers. There he met Ceus Bersma, director of Bersma's Handelmaatschappij—a trading corporation—who was looking for steady supplies of high-quality fresh variety meats. Needham agreed to supply the product and Bersma agreed to promote and distribute it in Europe.

Bersma introduced the Sioux City beef livers, kidneys, tongues, hearts, and ox tails to 600 European meat dealers by the use of pictures, film strips, and some free samples. He also used magazine and newspaper advertising and visited a number of butchers. Bersma's customers accepted the offals so enthusiastically demand soon outstripped supply. Needham alerted several Midwest packers to the market opportunity in Europe, and they began supplementing Needham's offal shipments with their own brand meats. These shippers now jointly sell about $4 million a year selling to Bersma.

Company expands

Lloyd Needham formed Needham Packing Company, Inc., in 1960 buying out Sioux City Dressed Beef. In successive 2-year intervals he built, bought, and leased plants in Fargo, North Dakota; Great Falls, Montana; and Omaha, Nebraska. Each of these plants now sends all available offal products to Bersma, who distributes them under the "Sioux City" brand throughout the Netherlands, the United Kingdom, Belgium and Luxembourg, France, and West Germany.

James Needham, son of the founder and president of the company, accepted the "E" award certificate and flag. The company may fly the "E" banner and refer to the award in its advertising. An "E" pin was also presented to Ceus Bersma at the request of Needham Packing.

U.S. Livestock Shown and Sold at Mexican Show

American livestock made an impressive showing last month at Mexico's biennial National Livestock Show. Representatives from FAS and 12 American breed associations were on hand with information booths and brochures about U.S. breeding beef and dairy cattle, Rambouillet sheep, and quarter horses. Breeders called the show "our best and most productive effort in the promotion of U.S. livestock in Mexico."

With President Johnson's gift Hereford are (l-r) U.S. Ambassador to Mexico Fulton Freeman, Secretary Freeman, Mexico's Agriculture Secretary Juan Gil Preciado, and Dale Malecheck of the LBJ ranch. The bull will go to a Mexican agricultural school.

About 40 animals were on display in a barn adjacent to the exhibit area, all of which were sold at the show. Orders were taken for 348 beef cattle, 360 dairy cattle, 450 sheep, and 32 horses; and sales contracts for another 750 cattle and 30 horses are currently in the workings.

A special feature of U.S. participation in this important inter-American fair was the gift of an LBJ ranch Hereford bull from President Johnson to President Gustavo Díaz Ordaz for the people of Mexico. Secretary of Agriculture Orville L. Freeman presented the bull, which is expected to be kept for breeding at Mexico's famed Palo Alto agricultural school.

The gesture served to emphasize the friendship between the two countries and their strong trade ties, particularly in livestock. Mexico is the leading buyer of U.S. dairy and beef breeding cattle, taking about 17,000 head annually with a market value of about $6 million. Mexico sells U.S. livestock producers about half a million feeder cattle a year.

World Trade Flow Studied by USDA

Effects of preferential arrangements on present trading situations for the EEC, the United Kingdom, Japan, LAFTA, and the Central American Common Market are summarized in "Preferential Trade Arrangements of Foreign Countries," an analysis recently released by the Economic Research Service of USDA. Some results of recent discriminatory preferences on the direction of agricultural trade—U.S. trade especially—are discussed. In addition, the report considers the effects of weather variations and other nonpolicy factors on the direction of trade flows.

EEC levy system

During the Kennedy Round of GATT negotiations no progress was made in negotiating downward the trade-restrictive effects of the variable levy system of the EEC. Since the imposition of variable levies on grain in 1962, the United States has been able to increase its share of EEC grain imports largely because competitors were short of grain or occupied in supplying the unusual requirements of the Soviet Union and Mainland China.

But the variable levy system, which neutralizes the effects of the difference between world prices and the higher EEC prices, places nonmember countries in the position of residual suppliers. Furthermore, the uniform EEC grain prices, which went into effect in July 1967, will provide the EEC with additional incentives to increase grain production and exports—thus reducing markets for nonmember countries.

The report states that the Commonwealth preference tariff system has lost much of its significance. For example, a Kennedy Round reduction of 50 percent in U.K. duties on canned peaches and fruit cocktail may enable the United States to regain some lost ground in the canned fruit market. However, increased U.K. self-sufficiency appears to have been a growing impediment to U.S. trade in the British market in recent years.

Latin American trade

Like those of other free trade areas, LAFTA members maintain their individual tariffs against imports from nonmembers but within move toward the elimination of tariffs against each other. Many of the LAFTA concessions are for commodities not generally traded between members. However, there has been a significant liberalization of zonal trade in cotton, wheat, cocoa, sugar, cattle, and beef. For cotton and—to an extent—wheat, LAFTA preferences have had an adverse effect on imports from nonmember countries.

Japan is not a member of any preferential trade association, but its extensive use of bilateral trade agreements tends to produce similar results with respect to the direction of trade. Japan selects the source of many of its imports with a view toward gaining or improving markets for its exports—and its principal foreign market is the United States. However, the rapid expansion of Thailand's corn and sorghum sales illustrates the type of contest the United States faces in competing with a developing country in the Japanese market.

The less developed countries belong to a wide variety of preferential trade associations, few of which appear to have boosted trade to date. Major reasons include the declining prices for tropical products, political instability in many of these countries following independence, and differences in the degree of development among members.

There are three exceptions to this general rule: The countries of the Central American Common Market, where rapid elimination of trade barriers has stimulated foreign trade and economic growth; the countries of Southeast Asia, which have bilateral agreements with Japan; the cocoa-producing AOC countries of Africa.

New Grouping of 3 African Countries

A new regional organization has been formed in Africa—the Union of States of Central Africa (UEAC). The members—the Congo (Kinshasa), Chad, and the Central African Republic—signed the charter on April 2, 1968.

The three countries plan to pool maritime, river, rail, and air transportation equipment to facilitate the shipment of agricultural products from Chad and the CAR through the Congo to the coast. Economic agreements with other African regional organizations are not prohibited by UEAC policy.

Two members of this new grouping—Chad and the Central African Republic—had been members of the Central African Customs and Economic Union (UDEAC). Other members of UDEAC are Cameroon, Congo (Brazzaville), and Gabon. These three remaining members state that they will continue UDEAC. The effect of withdrawal by two of the five members is still not known.

The exact relationship between the two organizations has not yet been clearly defined. As of now, it appears that UEAC is not so extensive an agreement as UDEAC.

All of the countries mentioned above belong to the group of 18 African countries associated with the EEC under the Yaounde Convention. The renegotiation of this convention is discussed in this issue, "EEC-African Association Up for Renewal."

U.S. Farm Trade Helps Balance of Payments

Agriculture's yearly contribution to the U.S. balance of payments in the past 4 years averaged $1 billion, according to a report issued by USDA.

The report, *U.S. Agriculture and the Balance of Payments, 1960-67* by USDA's Economic Research Service, says the payments deficit is smaller than it would have been without the good agricultural performance. Also, agricultural trade has lessened the actual or potential drain on U.S. gold stocks, according to the report.

On a balance-of-payments basis, the value of commercial agricultural exports last year amounted to $5.1 billion. Deducting about $4.5 billion for the value of agricultural imports left a still-favorable balance of $660 million. Benefits to the balance of payments from noncommercial agricultural exports of the United States amounted to over $300 million last year, bringing the net benefit to almost $1 billion.

However, U.S. commercial trade in non-agricultural goods last year ran a deficit of $641 million that virtually canceled the positive contribution of commercial agricultural trade. This situation, according to the report, reverses the way things were in 1960. Then, the commercial balance for nonagricultural goods was a favorable $3.1 billion, while the corresponding agricultural balance was in deficit by over $400 million.

Single copies of *U.S. Agriculture and the Balance of Payments, 1960-67*, ERS-Foreign 224, are available free from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D. C. 20250.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between May 7 and May 14, 1968, offer prices were mixed in Rotterdam. U.S. Spring increased 3 cents and Soft Red Winter 2 cents. Russian and Argentine wheat remained the same. The price for Manitoba decreased 1 cent per bushel.

All corn prices increased. U.S. and Argentine increased by 1 cent and South African by 2 cents.

A listing of the prices follows.

Item	May 14	May 7	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.99	2.00	2.18
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.91	1.88	2.11
U.S. No. 2 Hard Winter, 12 percent	(1)	(1)	1.98
Argentine	1.88	1.88	1.99
U.S. No. 2 Soft Red Winter	1.59	1.57	1.87
Corn:			
U.S. No. 3 Yellow	1.35	1.34	1.51
Argentine Plate	1.47	1.46	1.50
South African White	1.49	1.47	1.56

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Antarctic Whale Oil Production Dips

Production of Baleen whale oil during the 1967-68 Antarctic pelagic season just ended in April is estimated at only 58,900 short tons—17 percent less than a year ago and the smallest in recent years. Most of the decline reflected reduced output by Norway although production by Japan and Russia also declined somewhat.

The total catch for the 1967-68 season amounted to only 2,801 blue whale units (BWU), somewhat less than the agreed quota. The decline reflected a sharp curtailment in operations by Norway, which operated only 5 catching boats compared with 21 in 1966-67. Japan filled her reduced catch quota and produced a slightly larger volume of oil per BWU than a year ago. The Russian catch, although slightly in excess of her quota, is estimated to have yielded less oil than last season; however actual oil production data are not available.

During the 1967-68 season a total of 8 factory ships and 97 catching boats were in operation, compared with 9 factory ships and 120 catching boats in 1966-67.

No action has yet been taken by the International Whaling Commission in allocating the BWU quotas for the 1968-69 season. However, the IWC committee estimated at the time of imposition of the present quota that this quota was equivalent to a less than sustainable yield of fin and sei whales. Restrictions continue to ban the killing of blue and humpback whales in the Antarctic.

PRODUCTION OF BALEEN WHALE OIL IN ANTARCTIC PELAGIC SEASON [1]

Participating country	1964-65	1965-66	1966-67	1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Pelagic whaling:				
Japan	92.8	44.6	34.2	32.1
USSR	32.5	21.3	[2]22.0	[3]20.9
Norway	32.9	18.0	14.9	5.9
Total	158.2	83.9	71.1	58.9

[1] Converted from original unit at the rate of 170 kilograms, or 374.7820 pounds of oil per barrel. [2] Estimate based on a catch of 1,069 blue whale units with an assumed outturn of 110 barrels of oil per blue whale unit. [3] Estimate based on a catch of 1,016 blue whale units with an assumed outturn of 110 barrels of oil per blue whale unit.

Norwegian Whaling Gazette, Oslo.

ANTARCTIC PELAGIC WHALING SEASON QUOTAS AND RESULTS

Season	Japan	USSR	Norway	Total
	Blue whale units	*Blue whale units*	*Blue whale units*	*Blue whale units*
1964-65:				
Quota	4,160	1,600	2,240	8,000
Results	4,125	1,588	1,273	6,986
1965-66:				
Quota	2,340	900	1,260	4,500
Results	2,340	920	829	4,089
1966-67:				
Quota	1,633	1,067	800	3,500
Results	1,633	1,069	801	3,503
1967-68:				
Quota	1,493	976	731	3,200
Results	1,493	1,016	292	2,801

Note: The blue whale unit is the statistical unit used in relation to which smaller whales are expressed. One blue whale unit equals one blue whale, or two fin whales or two-and-one-half humpback whales or six sei whales.

Philippine Coconut Product Exports Fall

Registered exports of copra from the Philippine Republic during March 1968 totaled 32,700 long tons, down more than 50 percent from the 67,050 tons shipped a year ago. Of the total, 24,350 tons moved to the United States, against 21,150 a year earlier.

In the January-March period this year, exports of coconut oil were 13,583 tons, up from the 9,619 exported a year ago. All of this year's total moved to the United States, against 8,000 tons last year.

Desiccated coconut exports amounted to 4,077 short tons, of which 3,821 tons were shipped to the United States compared with the similar period in 1967 when shipments totaled

5,639 tons, with 4,201 moving to the United States. Cumulative January-March exports were 11,176 tons against 14,285 last year with 10,284 tons moving to the United States this year. Last year 10,718 tons were shipped to the United States.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Commodity and destination	March 1967	March 1968 [1]	January-March 1967	January-March 1968 [1]
	Long tons	*Long tons*	*Long tons*	*Long tons*
Copra:				
United States	21,150	24,350	64,470	61,445
Europe	41,400	7,850	102,600	43,650
South America	1,500	0	4,650	3,300
Japan	3,000	500	9,500	7,968
Total	67,050	32,700	181,220	116,363
Coconut oil:				
United States	8,000	13,583	50,494	38,970
Europe	1,619	0	3,119	8,523
Total	9,619	13,583	53,613	47,493

[1] Preliminary.
Associated Steamship Lines, Inc., Manila.

Sunflowerseed and Oil Imports; Europe, Japan

A sharp increase in imports of sunflowerseed oil took place in 1967 in eight of the nine Western European countries whose statistics show appreciable imports of this oil. Simultaneously, Italian and Japanese imports of sunflowerseed also soared.

For the nine Western European countries listed in the following table, imports of sunflowerseed oil totaled 328,000 tons in 1967, or 90 percent more than the 173,000 tons they imported in 1966. West Germany was by far the largest importer.

For Japan and the five Western European countries that report appreciable imports of sunflowerseed, the 1967 volume of seed imports totaled 316,000 tons—a 100-percent rise over the 158,000 tons imported in 1966. Virtually all of this increase took place in Italy and Japan.

On an oil basis (converting seed to oil at an assumed 40 percent yield) the gain in sunflowerseed and oil imports in these countries in 1967 was equivalent to 218,000 tons—a 93-percent increase. This gain was achieved mainly by exports originating in the Soviet Union, Romania, and Bulgaria whose sunflower oil prices, in particular, have been extremely competitive for the past several months.

IMPORTS OF SUNFLOWERSEED AND SUNFLOWERSEED OIL INTO JAPAN AND WEST EUROPE

Item	1966	1967
	Metric tons	*Metric tons*
Sunflowerseed:		
Japan	3,257	96,445
Belgium-Luxembourg	2,339	3,061
France	379	352
Germany	27,782	22,938
Italy	122,941	191,504
Netherlands	1,268	1,399
Sunflowerseed oil:		
Belgium-Luxembourg	11,011	16,193
France	6,009	5,002
Germany, West	99,342	141,613
Italy	2,684	22,862
Netherlands	16,137	49,342
Austria	31,053	42,000
Spain	1,100	6,400
Sweden	100	5,600
United Kingdom	5,100	38,500

Compiled from official and other sources.

London Canned Fruits and Juices Prices

Selling prices (landed, duty paid) in London, England, of selected canned fruits and juices are shown in the following table.

Type and quality	Size of can	Price per dozen units April 1967	Price per dozen units Jan. 1968	Price per dozen units April 1968	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Pineapple slices:					
Fancy	2½	3.69	....	3.77[1]	U.S.
Do	16 oz.	1.69	1.68[1]	1.56[1]	S. Africa
Choice	2½	3.13	....	3.10[1]	U.S.
Do	2	2.23	....	2.26[1]	U.S.
Choice, spiral	20 oz.	1.78	1.76[1]	1.66[1]	Malaya
Grapefruit sections	20 oz.	2.66	2.10	2.19[1]	Br.W.Indies
CANNED JUICES					
Orange, sweetened	46 oz.	4.06	2.94[1]	2.94[1]	Br.W.Indies
	43 oz.	4.52	2.88[1]	2.85[1]	Israel
Grapefruit, sweetened	46 oz.	3.85	2.70[1]	2.73[1]	Br.W.Indies
	43 oz.	4.31	2.70[1]	2.70[1]	Israel

[1] Basis c.i.f.

U.S. General Imports of Tobacco Higher

United States March 1968 general imports (arrivals) of unmanufactured tobacco totaled 34.8 million pounds valued at $21.1 million. This compares with totals of 36.8 million pounds at $25.0 million in March 1967. General imports for the first quarter of 1968, at 125.3 million pounds, however, are 16.6 percent greater than the 107.5 million imported in the same period in 1967.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Kind of tobacco	First quarter 1967 Quantity	First quarter 1967 Value	First quarter 1968 Quantity	First quarter 1968 Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	259	106	2,196	730
Cigarette leaf, other	99,078	70,737	104,109	73,560
Wrapper	258	653	145	757
Mixed filler & wrapper	(1)	(1)	(1)	(1)
Filler, unstemmed	2,522	1,028	10,097	3,158
Filler, stemmed	496	535	522	644
Scrap	4,915	860	8,202	1,874
Total [2]	107,528	73,919	125,271	80,723

	March 1967 Quantity	March 1967 Value	March 1968 Quantity	March 1968 Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	86	21	194	48
Cigarette leaf, other	34,431	24,043	28,418	18,659
Wrapper	39	158	74	406
Mixed filler & wrapper	(1)	(1)	(1)	(1)
Filler, unstemmed	594	313	3,291	1,157
Filler, stemmed	178	187	192	249
Scrap	1,460	255	2,594	543
Total [2]	36,788	24,977	34,763	21,062

[1] Included in wrapper. [2] Excludes stems.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

Nicaraguan Cotton Output Falls Sharply

The 1967-68 cotton crop in Nicaragua is estimated at around 450,000 bales (480 lb. net). This compares with 525,000 bales harvested last season, and the record production of 565,000 in 1964-65. Cotton yields have been considered poor for the past three seasons in Nicaragua. The estimated lint yield of 576 pounds per acre in the current season is the lowest since 1960-61. Weather has been principally responsible for the poor yields in recent years, but other factors have also played a role. The 1967-68 crop suffered from lack of rain at the beginning of the season and then in November and December from excessive rainfall. Faulty use of insecticides was also blamed for the poor crop.

Despite claims to the contrary by some producer groups, the Nicaraguan Government has taken steps to assist the cotton industry. Legislation has been passed which encourages the use of only the best varieties of seeds, and tighter controls have been established for the manufacture and use of insecticides. The government is working on legislation which would give investors in agriculture some of the benefits granted to investors in industry. Also, a new cotton experiment station was inaugurated in October 1967.

Japan is the major market for Nicaraguan cotton, accounting for 60 to 70 percent of total exports in the past 3 years. Other countries that import Nicaraguan cotton include West Germany, Portugal, Thailand, and Italy. During the first 6 months of the 1967-68 season, Nicaragua exported about 75,000 bales, compared with 25,000 for the same period a year earlier. Exports for the entire season are expected to be around 450,000 bales, the same as in 1966-67.

Cotton consumption is placed at 13,000 bales in 1967-68, up about 1,000 from that of the previous year.

C.i.f. prices in Liverpool for Nicaraguan cotton SM 1-1/16 inches during April averaged 29.75 cents per pound. This compares with 28.13 cents in April 1967.

Austrians Consuming More Honey

Domestic consumption of honey in Austria was an estimated 18.7 million pounds in 1967, compared with 18.3 million the year before. Per capita honey consumption has increased from about 2.0 pounds in 1963 to 2.6 in 1967, a 3-percent rise.

Part of this consumption rise is being met by increased domestic output. Production in 1967 was an estimated 11.5 million pounds, 10.6 percent more than in 1966. The Austrian beekeeping industry is rapidly modernizing. Yield per colony is increasing while the number of colonies is declining. During the period 1962-66, domestic production of honey expanded by 15 percent.

Austrian imports of honey are also rising. Total imports during 1967 were 8.1 million pounds, 900,000 more than in 1966. The primary sources in order of rank were Czechoslovakia, Hungary, and Romania, all of which ship honey to Austria under trade agreements. Honey imports from most other countries are liberalized. During the Kennedy Round negotiations, Austria reduced tariff duties on honey by 10 percent. Although the United States has shipped only small quantities of honey to Austria in recent years, an opportunity to expand exports to this market exists.

AUSTRIA'S IMPORTS OF HONEY

Country of origin	1966	1967	Change from 1966
	1,000 pounds	*1,000 pounds*	*Percent*
Czechoslovakia	3,201	2,946	−8
Hungary	1,527	2,227	+46
Romania	1,365	1,401	+3
Argentina	522	984	+89
United States	23	31	+35
Other	601	550	−8
Total	7,239	8,139	+12

Crops and Markets Index

Cotton
16 Nicaraguan Cotton Output Falls Sharply

Grains, Feeds, Pulses, and Seeds
14 Weekly Report on Rotterdam Grain Prices

Fats, Oilseeds, and Oils
14 Antarctic Whale Oil Production Dips
14 Philippine Coconut Product Exports Fall
15 Sunflowerseed, Oil Imports; Europe, Japan

Fruits, Vegetables, and Nuts
15 London Canned Fruits and Juices Prices

Sugar, Fibers, and Tropical Products
16 Austrians Consuming More Honey

Tobacco
15 U.S. General Imports of Tobacco Higher

★ U.S. GOVERNMENT PRINTING OFFICE : 1968 301-807 (16)